



# Toll Bridge Program Oversight Committee Meeting

December 12, 2005



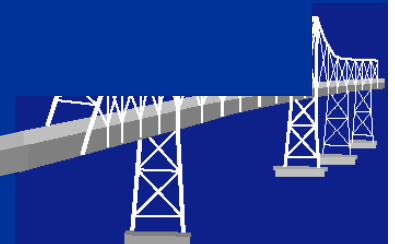
# Contractor Outreach Summary

The focus of the outreach was on schedule and cash flow.

- Contractors requested to add one more year to the current working days.
- Partial payment for fabricated material: There were questions regarding perceived ambiguity of the partial payment provisions for fabricated materials (cash flow issue).
- Shop Drawing Submittal and Review: There were questions regarding the certain current specifications requiring sequential, rather than concurrent, shop plan preparation.
- Temporary Tower Design Parameter: There were questions regarding design parameters associated with the temporary towers.
- Wood Mock-ups: There were questions about the wood mock-ups potentially delaying the project.



**SFOBB East Span Seismic Safety Project**



# Addendum 5 - Highlights

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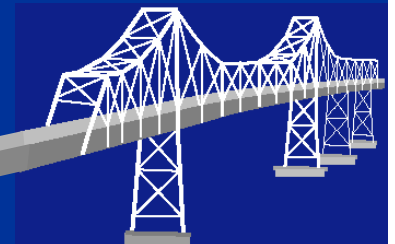
- Clarify partial payment for fabricated steel items.
- Modify "Establish Marine Access" specification to allow for earlier payment for design and fabrication costs.
- Performance specifications change to allow for alternative design on casting (particularly saddles).
- Make north side of the Oakland Touchdown available for SAS contractors use for parking and boat access.
- Hinge K forging: Other methods will be allowed if they meet specified properties.
- Remove weight control procedure requirement prior to the beginning of working drawings.
- E2 shear key bearing system redesign.
- Yerba Buena Island joint interface (Hinge K) schedule improvement (removal of milestone 1).
- Modify working day milestones to accommodate 6-month extension.



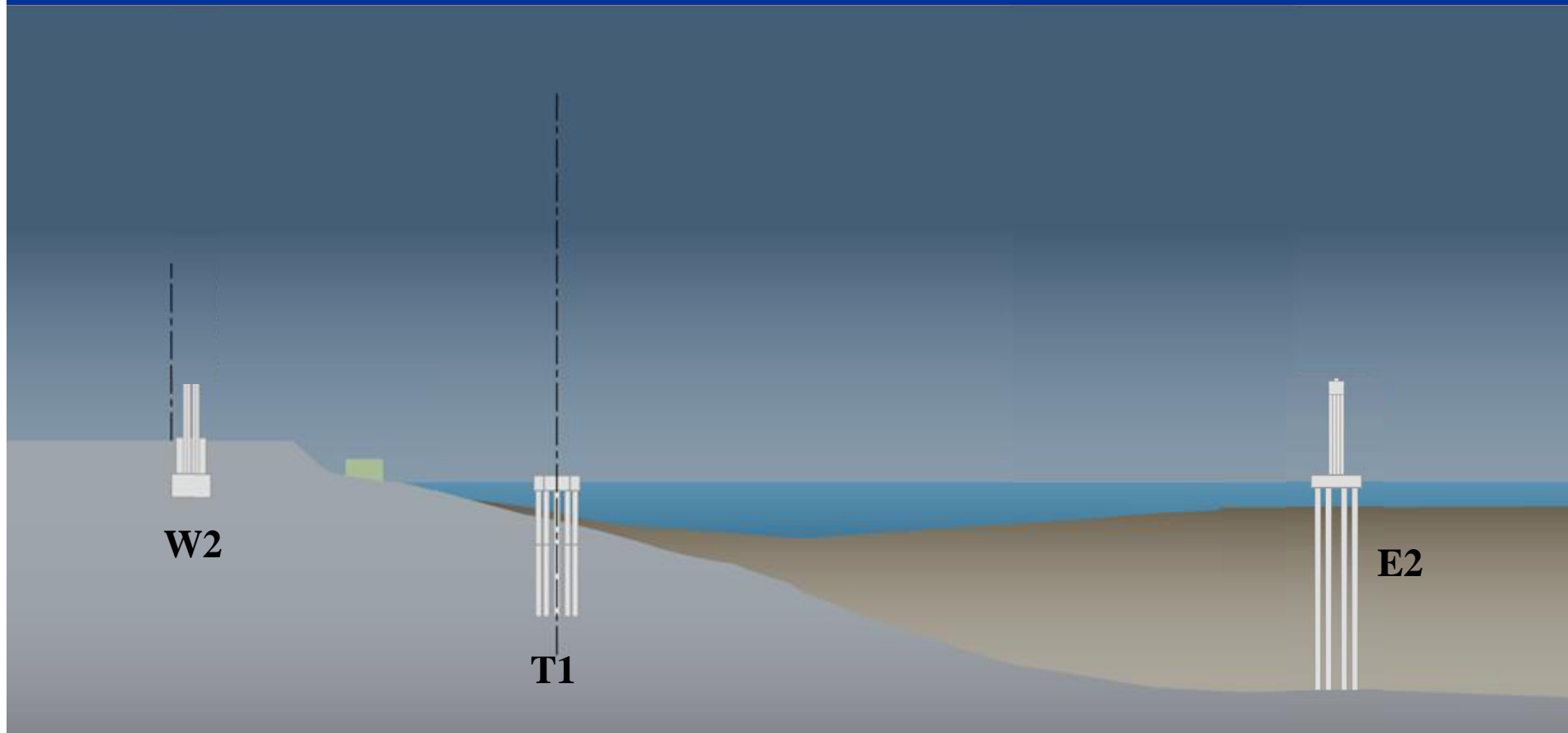
- 
- SAS Construction Milestones
  - Hinge K



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# SAS Construction Sequences

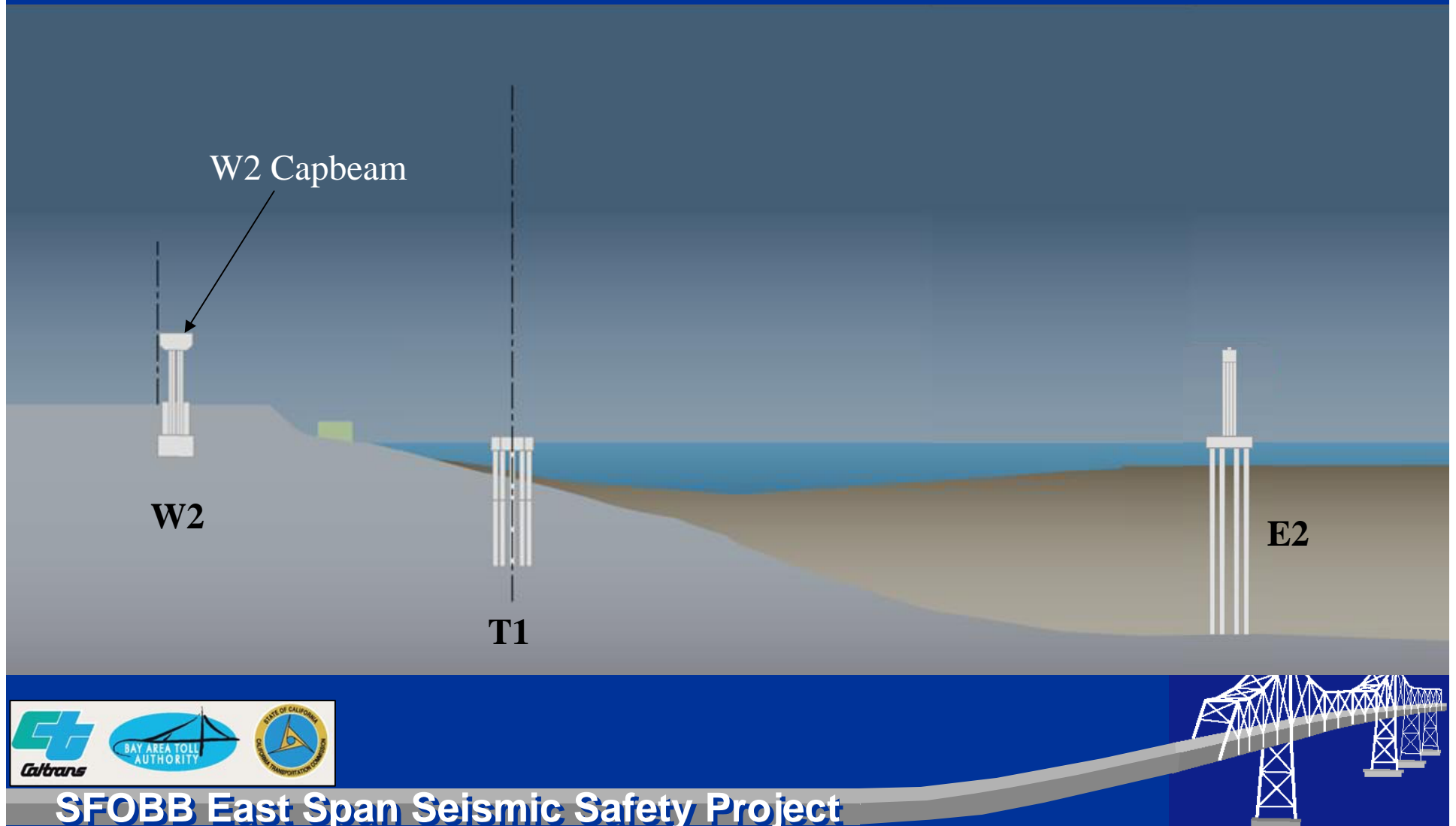


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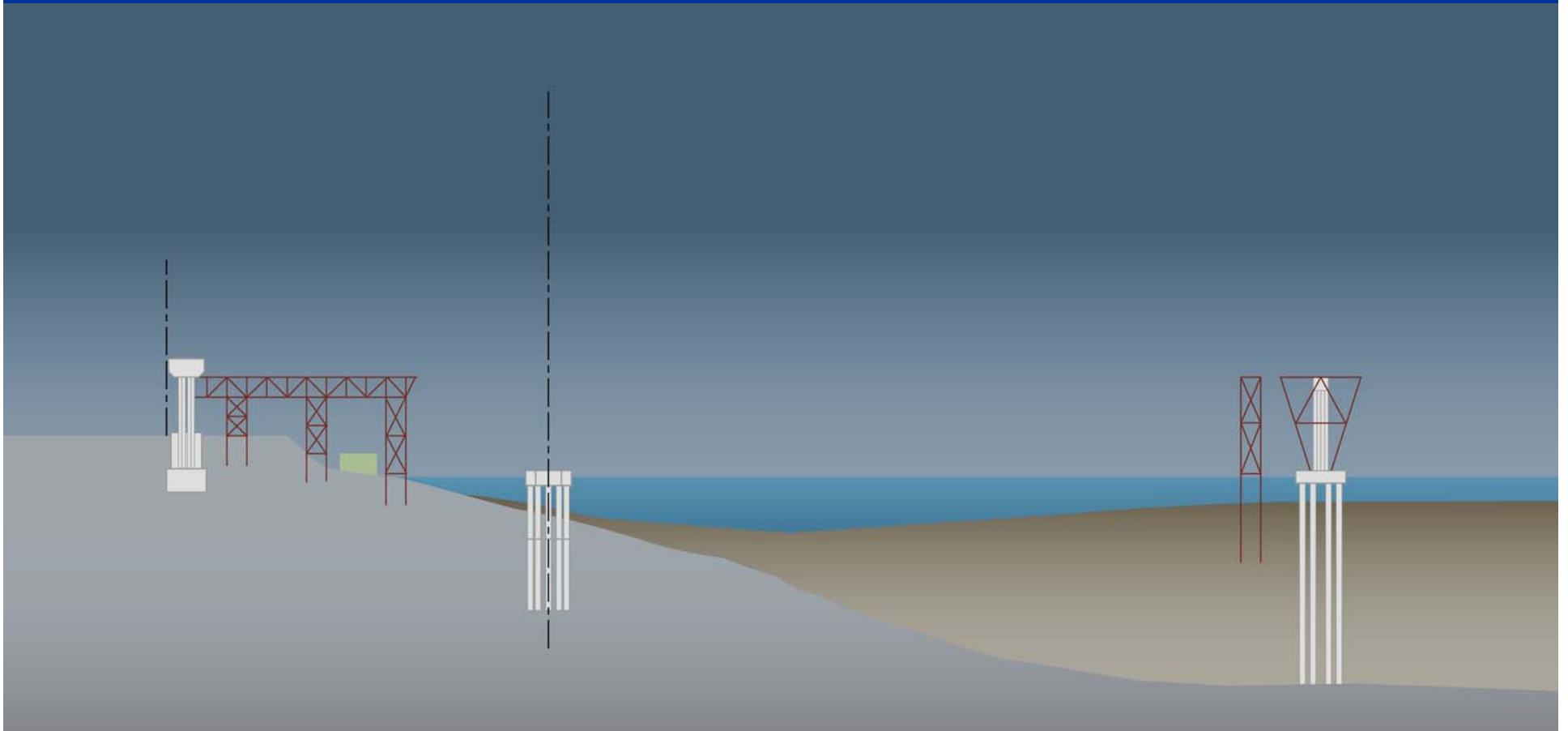
# SAS Construction Sequences

Milestone 1 – Complete W2 Capbeam.

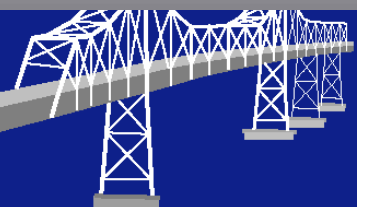


# SAS Construction Sequences

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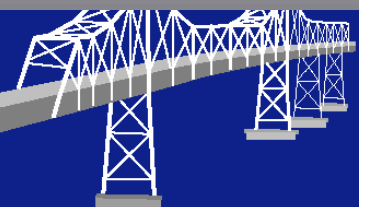


# SAS Construction Sequence

Milestone 2 – Install Cable System and Transfer Load.



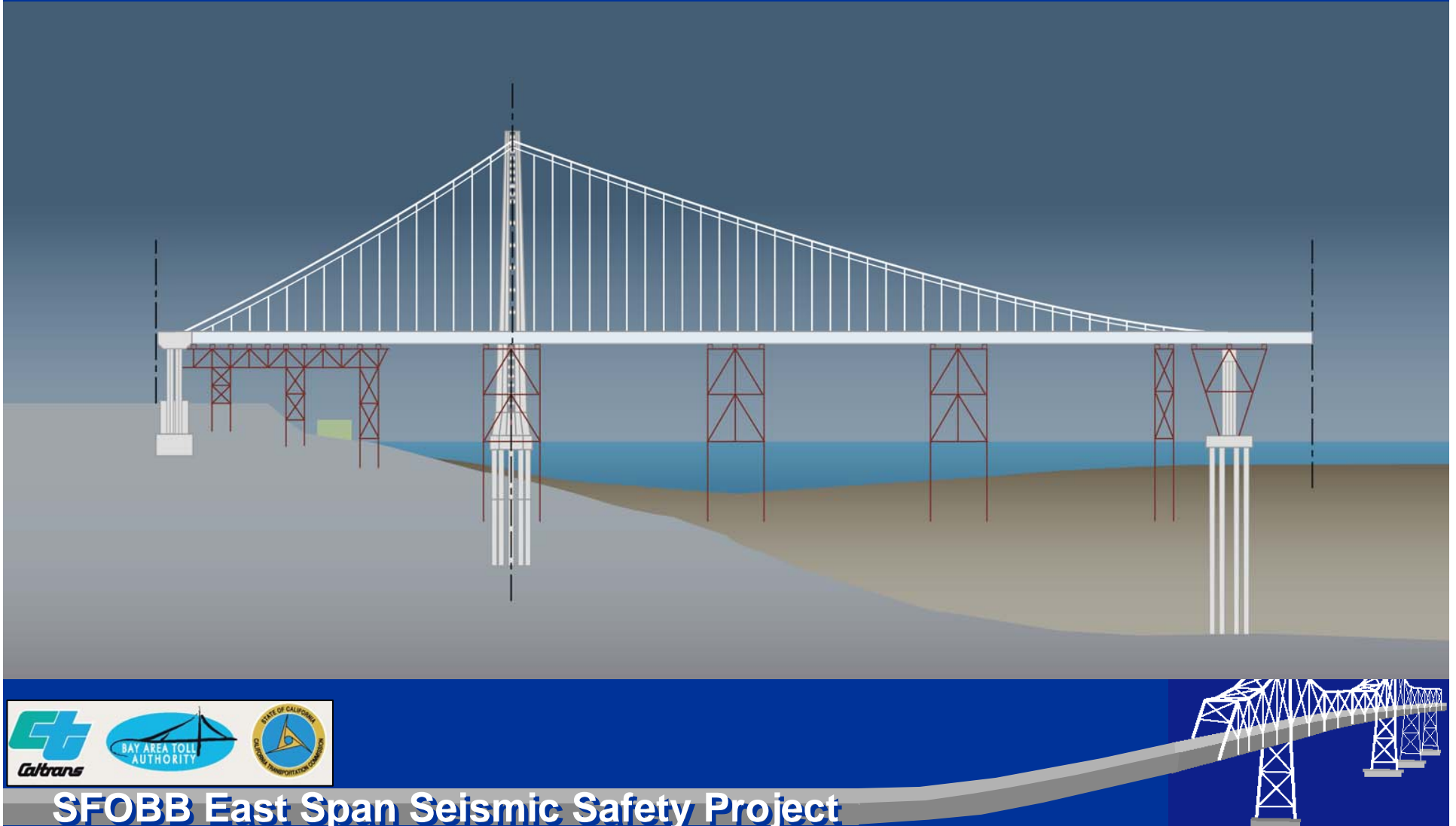
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# SAS Construction Sequence

Milestone 3 – Striping, Mechanical, Electrical,  
Preparation Work for WB Traffic Open.



# SAS Construction Sequence

Milestone 4 – Contract Complete.







# Public Enemy Definition

## SAS Bidder's Inquiry:

"Referring to Standard Specification Section 7-1.16, CONTRACTOR'S RESPONSIBILITY FOR THE WORK AND MATERIALS, how will the Department apply the term 'public enemy?'"

"Does this term include terrorist acts similar to the World Trade Center or the Oklahoma City Federal Building, or does it only apply to nations and their citizens who are at war with the USA?"

# Public Enemy Definition

Standard Specifications Section 7-1.16, "CONTRACTOR'S RESPONSIBILITY FOR THE WORK AND MATERIALS:"

"Until acceptance of the contract, the Contractor shall have the charge and care of the work and of the materials... and shall bear the risk of injury, loss or damages to any part there of by the action of the elements or from any other cause... *except... losses or damage that are directly and proximately caused by acts of the Federal Government, or acts of the public enemy.*"



# Public Enemy Definition

"Public Enemy" has been defined, generally, as acts by nations, or their subjects, who are at war with the United States.

Thus, the World Trade Center and the Oklahoma City Federal Building incidents would not be considered "acts of the public enemy" because they were not committed by citizens or subjects of a nation or government at war with the United States.

# Terrorism Insurance

- 2002 Terrorism Risk Insurance Act (TRIA) requires that terrorist insurance be available by insurance companies.
- Current market is offering coverage at 1-3% of cost of all other insurance lines; i.e., commercial general liability and builder's risk insurance. **SAS terrorism insurance premiums estimated to be \$0.5 to \$1.5 million for project term.**
- No internal deductibles; property policy deductible applies.
- TRIA limits carriers to aggregate retention amount to \$15 billion.
- Maximum aggregate insured loss backed by Federal Government is \$100 billion.



# The Broader Perspective

- The State currently retains terrorism risk for completed infrastructure facilities (i.e., SFOBB West Span).
- The State may purchase terrorism insurance on a stand-alone basis under a builder's risk policy.
- The GGB does not currently carry terrorism insurance but is assessing options.



# Risk Treatment Options

<b>Option 1</b> <b>Post Bidder Inquiry Response</b>	<b>Option 2</b> <b>Issue Addendum: Revise Section 7-1.16 of the Standard Specifications.</b>
<p>"The World Trade Center and the Oklahoma City Federal Building incidents are not 'acts of the public enemy' because they were not committed by citizens or subjects of a nation or government at war with the United States."</p>	<p>"Until acceptance of the contract, the Contractor shall have the charge and care of the work and of the materials.... and shall bear the risk of injury, loss or damages to any part thereof by the action of the elements or from any other cause... <i>except...</i> losses or damage that are directly and proximately caused by acts of the Federal Government, acts of the public enemy, or acts of terrorism. The term 'acts of terrorism,' as used hereunder, shall be construed to be an offense that is calculated to influence or affect the conduct of government by intimidation or coercion, or to retaliate against government conduct."</p>



# Assessment of Risk Treatment Options

## **Option 1 – Risk Transfer, i.e., Contactor accepts risk**

- Per current SAS contract
- Issue clarifying bidder inquiry response

## **Option 2 – Risk Retention, i.e., Department accepts risk**

- Issue addendum

<b>Option 2 – Risk Retention Advantages</b>	<b>Option 2 – Risk Retention Disadvantages</b>
<ul style="list-style-type: none"><li>■ Risk retention has the potential for SAS bid savings.</li><li>■ Risk retention appears to be bidders' preference.</li><li>■ Current State risk retention practices:<ul style="list-style-type: none"><li>■ State retains risk upon SAS contract acceptance in any event.</li><li>■ State retains risk for completed infrastructure facilities (i.e., SFOBB West Span).</li></ul></li></ul>	<ul style="list-style-type: none"><li>■ Potential catastrophic loss to the State outweighs potential nominal SAS bid savings of \$0.5 to \$1.5 million.</li><li>■ Risk transfer (Option 1) has not been a contractual issue on SFOBB Skyway or other projects.</li><li>■ Risk retention potentially perceived as setting statewide precedent.</li></ul>

# Recommendation

## **Option 1 – Risk Transfer, i.e., Contactor accepts risk**

- Per current contract
- Issue clarifying bidder inquiry response
- Assess bidder reaction to posted bidder inquiry response